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ABSTRACT

This document focuses on the role of community college presidents in the varied activities entailed by economic development. Specifically, the paper addresses those activities that involve the political, financial, and economic aspects of regional or county planning, marketing and financing. First, definitions are provided of two types of economic development: overt development, which involves attracting new industries to an area or stimulating the large-scale expansion of existing businesses; and the more low-key creation of a climate that enhances the efficiency, effectiveness, and competitiveness of a few new businesses. Next, the assertion is made that economic development is as much a political process within a community as a series of business decisions, and therefore, specific needs will be determined by local conditions. Also, the point is made that college presidents must establish strong ties with other local educational institutions in order to attract the business community. To support the assumption that presidents need to know what kind of environment they are in and what kind of growth they seek to foster, three situations are described with recommendations for presidential actions, namely: a rural community with an agricultural economic base; a suburban community; and an area recognizing the need for economic development, but with a college not traditionally involved in such activities. Finally, six elements required for economic development are described; they are: a broad-based mechanism that brings the community leadership togther; availability of competitively priced capital; access to Private Industry Council training opportunities; the availability of prime, competitively priced land; the provision of funds from state economic development initiatives to area businesses; and the establishment of a forum where regional business and economic issues can be addressed. (JMC)

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PRESIDENT'S ROLE IN ECONOMIC DEVELOPMENT

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Paper presented at the 22nd Annual Conference of the
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PRESIDENT'S ROLE IN ECONOMIC DEVELOPMENT

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In its simplest form, Willard Rouse, a dynamic Philadelphia developer, described economic development in a recent speech as "making deals." He argued further that private developers, entrepreneurs, do this best. He believes that the profit motive is such a strong motivator that community based not-for-profit corporations, with the best of intentions, can not compete with the for-profit developers. His advice is sound for the community leaders who wish to enhance and stimulate economic growth. If there is any alternative, it probably is not wise, prudent or necessary for community leaders to set up agencies to make deals that result in the creation of new jobs for a community or attempt to provide the means for existing companies to expand their work forces. What is necessary and should be done by community leaders is to create a climate or environment that will encourage developers and firms to make deals and expand existing operations.

In this paper, I will focus on the role of the community college president who desires to foster economic development in his/her geographic area and who wishes to be a leader in the many diverse and varied activities that economic development entail. I will be speaking only incidentally about the provision of training and education for business and industry. Community colleges are recognized for their distinguished work in this area. I assume that the majority of community college presidents provide leadership in this second role. For most community colleges and their presidents, responding to the challenge of training and retraining a skilled labor force is a central aspect of their mission. These training activities are obviously supportive of economic development.

Although at the college level presidential leadership is essential for supportive training, I assert that a president can provide this type of leadership in an outstanding fashion without, because of either desire or opportunity, being involved in the basic actions and decisions that guide the economic development of a region. I assert that the two roles are different, although they can be complimentary.

In this paper, I will concentrate on the role of those presidents who wish to be involved in community activities that initiate, foster and nurture economic development even when those activities only indirectly involve and/or benefit the college. Specifically, I will be describing those economic development activities that involve the political, financial and economic aspects of regional or county

planning, marketing, and financing which are necessary to allow development to take place in a specific region. All of these activities taken together are aimed at fostering a climate or environment where both developers and end users are willing to invest. The actions make available low-priced developed land, capital, skilled and willing labor, ample and cheap power and transportation. In addition, leaders who wish to see economic development occur must be concerned with the expansion of infrastructure, the creation or expansion of water and sewer systems, the disposition of solid waste, the development of roads and highways, a competitive tax structure, the establishment of equitable zoning regulations, the development of industrial parks, the provision of competitive financing packages, and an active, ongoing regional marketing program that clearly demonstrates that the region is a good place to live, work and raise a family.

Most of the desired changes, viewed individually, are mundane and relatively uninteresting. They are discussed and fought over at low levels of local governments, usually at the committee level. Certainly, the changes, when achieved, are not the stuff that make page one headlines nor the material that most college presidents believe that they are particularly suited to effect! But to get the changes made requires leadership, persuasion, knowledge and tremendous interpersonal skills.

Because of the unique status of community college presidents, I believe that conditions are favorable for more to assume much wider and more active leadership positions in regional economic development. It is community service that can be very personally rewarding and that can have a very positive effect on the community. The necessary conditions to foster and stimulate economic growth do not come together without strong and dynamic leadership and without a broad based community partnership. Coordinated and planned economic development does not happen without leadership.

Definitions

Below two major types of economic development are broadly described. The most glamorous, the type that is heralded in newspapers, is concerned with attracting new industries to an area or stimulating the spectacular expansion of existing businesses. With this type comes the creation of many new jobs. There are also the announcements of the building of new buildings, the creation of new industrial parks, the building of new roads, and the construction of new parks and schools. This is dynamic and exciting stuff! Few question that this type of growth produces positive change. It also does not happen often in most places.

A community must be lucky to enjoy this type of development. In all probability, the cycle does not last long. This type of growth also alters the social fabric of the community. There is a price. After rapid economic expansion, continuing work is required within the community to integrate the benefits. The leadership of community college presidents can be most useful in these situations.

Economic development of the second type is much slower, but easier on all involved. New businesses are attracted only periodically and the emphasis is on maintaining companies and producing for them a climate where their efficiency, effectiveness, and competitiveness is enhanced. The goal in this scenario is to foster a climate where companies will add a new product periodically, gradually increase production and sales, add a few new people annually and occasionally build an extension on their existing building .

Compared to rapid economic development, this type is not glamorous. Important developments are often overlooked, even in the business section of the newspapers. But it occurs more often. It is occurring in many of our communities today.

Assertions

Economic development is as much a political process within a community as it is a series of business decisions. It depends as much on the political attitudes and dreams, aspirations and vision of elected local and state officials as it does on businessmen and women. The history of regions that have experienced long-term economic growth since World War II, demonstrate that economic development occurs, flourishes, and is sustained in areas where there is a partnership between business, government and education. At least the leaders of these segments of the community need to be committed to fostering development to have it occur.

What specifically needs to be done in a community to cause growth will differ greatly depending on local conditions. In the northeast, especially in Pennsylvania, the presence of many small and provincial municipal governments (towns, boroughs, and villages), along with an equal number of zoning boards, sewer and water authorities, and police, fire and emergency squads, can make the climate difficult for developers and existing businesses. In my home county there are 62 different political subdivisions, each with its own budget, rules, regulations, plans and key players. All of this means that to initiate and maintain a county-wide planning and marketing effort requires a high degree of coordination, an effective board-based organization, a small but professional staff, money, and the commitment of the community's business and governmental leaders.

It is also very helpful, if not absolutely necessary, to have state government equally dedicated to fostering growth. National and international firms assess the business climate in the aggregate. Businesses look to the performance of relatively large geographic regions and at the indicators published about total states by firms and agencies such as Alexander Grant, the Business Conference, the National Chamber of Commerce, and the Business Roundtable. When attempting to attract large firms it is obviously very helpful for local leaders if the state has an aggressive marketing plan supported by a dedicated governor with the will and discretion to help make a deal happen.

I assert, further, that it is essential for college presidents to recognize that in this partnership a strong tie with local educational institutions---two year, four year or university---is important. The tie makes growth easier and usually cheaper. But the tie is not yet perceived by the business community to be essential. Most businessmen continue to believe, based on their experience, that they can get from another region or can produce internally from within their firms, all of the training they need.

Business leaders want access to education and in most areas where major expansion is occurring, the tie, especially to research universities, is apparent. Many other business factors, however, such as: the availability of land, water, sewers, affordable labor, low taxes, good transportation, and the state's policies toward unions and employee benefits are usually perceived by business executives to be more important than training and even university based research.

Assumptions

Presidents who wish to become leaders in economic development need to know what kind of environment they are in and to recognize clearly what kind of growth they seek to foster and nurture. Their ability and effectiveness as a major player will be materially effected. The president must believe that economic development is an important goal for his/her community, that this goal is consistent with the philosophy, mission, and goals of the college, and that the college community, will accept this commitment even when the president's efforts are not directly related to activities that benefit the college in its day-to-day operations.

As illustrated below, it is not difficult to identify situations where this commitment may not exist.

1. The people of a rural county, whose economic base is agricultural or recreational, may well perceive economic development, at least the attraction of new manufacturing firms, as fundamentally bad.

Good land would be diverted, many people would have to be imported and the current quality of life would be changed negatively for at least the present inhabitants.

People in this type of community simply do not want these kinds of changes to occur. There exists a very high comfort level with the status quo. There is no tradition of economic expansion and, even more important, no political mechanisms, no Industrial Development Corporations, or county and state marketing efforts, or integrated PIC efforts to deal with the myriad of funding, infrastructure, zoning, and labor issues that inevitably occur.

In an environment of this type, a Community College president might serve best, if he/she thought that change should occur even if it were not yet perceived by most, by becoming a well informed community resource person concerning what is afoot in other regions. To do more might be counterproductive.

2. Citizens of a suburban area where the increased needs for the development of infrastructure, schools and other services created by a prior influx of people and new businesses may perceive additional growth as threatening their peace and prosperity, because of increasing traffic, congestion, crime, taxes and big city problems.

The president's involvement as a player in this community's economic development may be considerably more difficult. Conditions like this exist now in some communities in New Jersey and they are beginning in my home area of the Lehigh Valley. Communities are beginning to split on the question of the desirability of growth. When unemployment was at 13% in 1983, there was no question that the need for jobs and rapid expansion by outside firms was perceived as a good thing. Jobs were needed. But today with unemployment at 4.2% and with a serious labor shortage in many skilled occupations, even former proponents of development are questioning, how much is too much?

3. Finally, people in an area may recognize the need for economic development, but the college community and the community at large may not perceive the college or its president as an active player.

The traditions of the institution may be counter to the active involvement of any of its members in any community activity that is not directly connected to a narrow definition of education or to the day-to-day operation of the college.

In any complex political, business, or governmental endeavor, the terrain is often mined with deep feelings of turf. It could easily happen, albeit to the detriment of the total community, that in such a county, the college president cannot become involved.

All three of these examples, however, clearly illustrate a basic point. The community college president, even when motivated by the best of intentions, is well advised to know the community! If conditions are not favorable, the president might well consider other ways to give leadership in the community.

Getting Started

How does one get involved? Given the variety of organizations, agencies and structures in communities across the nation, there obviously is no single point of entry. Further it is not likely that the involvement will be all consuming, at least initially. The voluntary aspects of economic development activities are similar to all other community organizations. Involvement begins slowly. The ascribed status of the president's position, however, should be sufficient to allow appointment or election to an appropriate board or committee, if any exist. The task initially of establishing a broad-based, community-wide group, if none exists, would clearly be more difficult, although of great value to the community.

If community-based organizations exist, a president's initial involvement may generate some early suspicion. Many businessmen still do not believe that "an academic person" can be interested or willing to work on business or governmental problems not directly related to education. As with all groups, these initial concerns dissipate quickly, if the individual does a concerned and competent job.

Northampton County, PA

The economic redevelopment of Northampton County, Pa., since 1983, will be used illustratively below. A short description of conditions in the county may be helpful.

Northampton County is located in southeast Pennsylvania on the Delaware River, bordering western New Jersey. Its population of 240,000 people share an SMSA with an adjoining county, Lehigh, in a manufacturing region called the Lehigh Valley. The SMSA has a total population of over 600,000 people who have historically been employed in the production of iron and steel, cement and apparel. Bethlehem, the

largest city in the county, is the home of the Bethlehem Steel Company which, until recently, was the predominant employer in the county.

In 1958, a not-for-profit corporation was established by a small group of Chamber of Commerce members to develop an industrial park to create jobs and diversify employment. From 1958 to 1983, growth in the three parks that were developed was steady. Approximately 7,000 jobs were created by about 100 firms. Nonetheless, in 1983 Northampton County's economy was still dominated by Bethlehem Steel which employed more than 15,000 people. Indirectly, steel related industries accounted for many more jobs.

Memories of 1983 are still vivid in the Valley. American steel lost out badly to foreign competition. Production in the local mills all but stopped. Over 10,000 people lost their jobs in a two year period at "the Steel" alone. Unemployment in the county rose to over 13%. The county was in economic disarray as a formerly highly paid, manufacturing, labor force was without work.

Today, in less than five years, the unemployment rate is less than 4.2%, a diversified business base is booming and acute labor shortages have replaced the high unemployment rate. Notwithstanding the dark days of 1983, the county was well positioned for economic redevelopment. What was required and what happened was the formation of a partnership of business, government and education that created a climate conducive to economic growth and development.

Elements of Growth and Development

Some type of economic growth and development is occurring in most communities continually. The problem is that the growth is usually not planned or coordinated. It merely happens. The results, if not detrimental to the community, certainly do not meet the potential. What is needed, as has been stated so often, is a strong partnership between business, government and education. The basic question is how to make this partnership happen and prosper.

Macro-economic describes the determinants of supply and demand. In like manner, below are listed required elements of economic development. I am persuaded that these elements, in some form, are needed if a climate of growth and redevelopment is to be fostered. Community leaders, in ways that are acceptable to the community, should endeavor to initially develop or foster the following elements:

Element 1...a broad-based mechanism that brings together the leadership of the community. This mechanism must be bipartisan. It must enjoy the endorsement and involvement of

key political and business leaders including representatives of major banks.
In the case of Northampton County, the mechanism was the Northampton County Development Corporation (NCDC) which was originally conceived by the then newly elected county executive. The specific function or objective of the corporation is planning and marketing and to provide a one-stop information service. Its generic and more important task, however, is to be the integrating force that attempts to give continuity to efforts to provide a favorable climate in which economic growth and expansion can occur.

The corporation, which is funded by a combination of public (county) and private (corporation) funds, is composed of 51 CEO's, elected county officials, members of public financing authorities, Chamber of Commerce members, representatives of labor and three college presidents. The corporation is guided in its day-to-day operations by an eighteen-person Executive Committee and employs a staff of two professionals and two secretaries. Policy is recommended by a number of working committees, composed of Board members and many co-opted business executives, to the Executive Committee which makes the policy and gives direction to the staff.

The committees of the corporation mirror the elements of economic redevelopment necessary for growth. The most active, and certainly the committee whose reports generate the most discussion, if not disagreement, is Planning. This committee has three sub-committees---site development; transportation (highways and rail); and sewer, water and solid waste. Since the Corporation helped stimulate the development of four new industrial parks in the county in the last five years, is championing the construction of two major highway projects, and is supporting the construction of a 130 million dollar incinerator, it follows that this committee is central. The committee is chaired by a retired Bethlehem Steel vice-president of planning. (Unlike many situations where volunteers are difficult to recruit, even for good causes, business executives ask to be associated with the Corporation and especially to be assigned to this committee.) Given that the labor surplus of 1983 has been transformed into a significant labor shortage, the committee predictably will soon have a sub-committee for labor. The Executive Committee is currently considering what can be done to assist in the development of day-care services, minority training and the lack of enrollments in secondary vocational educational programs.

The corporation also has committees focusing on financing, marketing, business retention, and governmental affairs. (The Governor was the speaker at the last annual meeting.) The committee members are professionals in the field, often from competing firms, who formulate and implement strategies for the common good. The work of each of these committees is

worthy of extensive description, but this is prevented by time and space. Clearly the work of all of the committees is essential to the maintenance of the positive climate.

Element 2...to provide the availability of competitively priced capital. It is essential that developers and existing businesses have the opportunity to secure both competitive, conventional bank loans and the full array of tax-free instruments.

Again, for Northampton County, the NCDC's finance committee monitors the former, while state and federally guaranteed tax-free funding is handled by the Northampton County Industrial Development Authority (NCIDA). Since, by law, this entity must be a stand-alone corporation, its function is not directly covered by the NCDC umbrella, but this corporation shares the same staff, its five board members are all members of NCDC, and its budget is coordinated with the budget of NCDC.

Element 3...to provide access to Private Industry Council (PIC) manpower training opportunities.

For Northampton, since the local PIC serves the two counties of the Valley, no direct organizational tie to NCDC exists. However, given the position of the County Executive to the PIC board and since several members of NCDC also are board members, communications are very close and cooperation is excellent.

Element 4...to make available prime, competitively-priced land.

In Northampton, as described previously, a not-for-profit corporation was established in 1958 to develop an industrial park in the county to create jobs. This corporation, called the Lehigh Valley Industrial Park (LVIP), developed three parks before 1983. Although there was little call for sites in 1983 when NCDC conducted its first site survey, it discovered that, except for a few vacant buildings, the county was without product. There were no developable sites available. Recognizing that the availability of land was central if the economic situation was to be altered, NCDC, in 1985, persuaded LVIP to begin developing an additional park of 426 acres within the county.

LVIP IV is today a reality. It was to be constructed in four phases, the final phase to be sold out in 2012. Today, three phases are under construction and much of the available land is already sold at considerably higher prices than were first proposed. Current projections have the total park sold out by the mid '90's.

The development of LVIP IV demonstrates another aspect of the effectiveness of the partnership. An access road into the park needs to be widened and expansion of ramps from a major highway are required. To stimulate the State government to move up this project in its construction schedule, county government expended 2.5 million dollars to fund a number of required engineering and environmental studies. These initiatives were rewarded by the Governor who recently announce that the project would be funded by the state during the next two years.

In addition, NCDC worked with another not-for-profit corporation and two private developers to develop three additional industrial parks.

Element 5....to provide area businesses with the benefits of state economic development initiatives. While former Governor Dick Thornburgh was in office, he made redevelopment one of his highest priorities. To this end, he began two innovative programs: a state funded Customized Job Training (CJT) program and the Ben Franklin Partnership.

In Northampton, the Community College became a very aggressive and effective partner with local businesses to use the CJT funding source to retrain unemployed workers. Likewise, Lehigh University, with working agreements with over 20 other area colleges and universities including the community college, became one of the four Ben Franklin Centers in the state. The goal of the Ben Franklin is technological transfer. The local Center is recognized as being most successful. Recently, the current governor established Industrial Resource Centers which are to give short-term technical and management assistance to small businesses. Again, Lehigh University is a Center and local businesses have easy access.

Element 6...to establish a mechanism where regional (multi-county) business and economic issues can be addressed. Most issues do not stop at historical county boundaries and the climate of a SMSA needs to be addressed by a regional constituency.

In the Lehigh Valley, this mechanism is called the Lehigh Valley Partnership composed of CEO's of major firms, top elected county and city leaders, and the leadership of the major Chambers of Commerce (three). The Partnership is an

informal organization that identifies critical questions and focuses attention on alternative solutions. The Partnership is a variant of the Allegheny Conference, but it uses Chamber personnel and loaned business executives as staff. The Partnership, whose meetings are private, serves as an forum for the direct exchange of views among leaders and as an opportunity for informal decisions about future directions.

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Conclusion

The activities involved in the fostering of economic growth and development in an area are all related and intertwined. Unfortunately, even today after the need for integrated and coordinated local action is so clear, few areas are completely organized and planned programs of development are rare. I argue that this type of community action, aimed at creating a climate that encourages the growth and maintenance of community economic well-being, is necessary and community college presidents can and should be providing leadership. Although the endeavor is obviously not for every president, many, because of their interests, training and experience, are naturals.

Although local conditions vary, local leaders interested in nurturing growth and development need to establish those mechanisms that will address any issues that effect the climate for growth. Legitimate developers and executives of existing firms need to know and believe that the area is supportive of their needs. The community needs to have available those elements that encourage job creation and retention. In an organized way the community also needs to marshall its resources to deal with the social consequences of growth. The patterns of organizational development will be idiosyncratic to the local region, but it is clear that an integrated, planned and coordinated effort will not just happen.

Since community colleges are funded by public moneys which are directly related to the economic well-being of the community, the potential benefits of a strong economy, aside from the social benefit of a prosperous citizenry, are obvious for the College.

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